DIRECT TESTIMONY OF
MARK C. FURTICK
ON BEHALF OF
DOMINION ENERGY SOUTH CAROLINA, INC.
DOCKET NO. 2021-2-E

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is Mark C. Furtick. My business address is 220 Operation Way, Cayce, South Carolina. I am the Renewable Energy Programs Advisor for Dominion Energy South Carolina, Inc. ("DESC" or the "Company").

Q. STATE BRIEFLY YOUR EDUCATION, BACKGROUND, AND EXPERIENCE.

A. I am a graduate of the University of South Carolina with a Bachelor of Science degree in Mechanical Engineering. I began my utility career in 1986 and have worked at various positions in Electric Operations and Operations Support Engineering at South Carolina Electric & Gas Company (now DESC). In 2015, I assumed the role of Manager of Renewable Energy Programs and Technical Services. On January 1, 2021, as a result of the integration of Dominion Energy and SCANA Corporation, my position title changed to Renewable Energy Programs Advisor.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to discuss the performance and costs associated with DESC's Distributed Energy Resources ("DER") programs during the review period of January 1, 2020, through December 31, 2020 ("Review Period") and provide the DER program cost projections for the forecast period of January 1, 2021 through April 30, 2022 ("Forecast Period").

Q. UNDER WHAT AUTHORITY DID THE COMPANY IMPLEMENT DER PROGRAMS?

A. In Docket No. 2015-54-E, the Company sought authorization of the Commission to participate in a DER program under the South Carolina Distributed Energy Resource Act ("Act 236"). In Order No. 2015-512, the Commission granted the Company's petition and concluded that DESC's proposed DER Programs, as modified by the Settlement Agreement entered into by the parties of record to that proceeding, were reasonable and prudent. In approving the Settlement Agreement, the Commission also determined that these programs would result in the development of approximately 42 megawatts ("MW") of renewable energy facilities sized between one and ten MW ("Utility-scale") and approximately 42 MW of renewable energy facilities sized less than one MW ("Customer-scale"). The Company subsequently implemented its first DER programs on October 7, 2015, with retroactive sign-up availability to those customer installations after January 1, 2015, if they so chose.

DER PROGRAM COSTS

Q. PLEASE DESCRIBE THE DER PROGRAM COSTS THAT WERE INCURRED BY DESC DURING THE REVIEW PERIOD AND THAT THE COMPANY PROJECTS TO INCUR DURING THE FORECAST PERIOD.

A. During the Review Period, the Company offered customers a variety of solar programs approved by the Commission in Order No. 2015-512. As a result of these efforts, the balance of DER program costs at the end of the Review Period totaled ($738,982) in avoided costs and $5,620,037 in incremental costs. For the period January 1, 2021, through April 30, 2022, the Company projects that DER Program costs will include $9,880,728 in avoided costs and $26,874,641 in incremental costs.

Q. WHAT ARE AVOIDED AND INCREMENTAL COSTS?

A. Section 58-39-120(B) defines "avoided costs" as meaning "payments for purchases of electricity made according to an electrical utility's most recently approved or established avoided cost rates in this State or rates negotiated pursuant to [the Public Utility Regulatory Policies Act ("PURPA")], in the year the costs are incurred, for purchases of electricity from qualifying facilities pursuant to Section 210 of [PURPA]…." "Incremental costs" are defined by S.C. Code Ann. § 58-39-140(A) as meaning "all reasonable and prudent costs incurred by an electrical utility to implement a distributed energy resource program … including, but not limited to:

(1) The cost an electrical utility incurs in excess of the electrical utility's avoided cost rate …;

(2) The full cost of an electrical utility's investment in nongenerating distributed energy resources …;

(3) The electrical utility's weighted average cost of capital as applied to the electrical utility's investment in distributed energy resources …;

(4) Operating and maintenance expenses, taxes, insurance, depreciation, overheads, and all other expenses properly considered to be expenses associated with a project, asset, or program under generally accepted principles of regulatory, or utility accounting or accounting orders issued by the commission …; [and]

(5) The electrical utility's incremental labor cost associated with implementing a distributed energy resource program."

Q. WHAT DO THESE COSTS INCLUDE?

A. These costs include the avoided and incremental costs associated with DESC's approved DER programs, including 1) offering Utility-scale DER programs; 2) offering Customer-scale Net Energy Metering ("NEM") incentives, Performance Based Incentives and Bill Credit Agreement programs; and 3) offering the Company's Community Solar program. These costs also include general and administrative expenses directly resulting from offering DER programs to the Company's customers, such as information technology system enhancements, revenue-grade meters, marketing and education expenses, and the incremental labor required to support the programs and increased volume of customer inquiries. Company Witness Allen Rooks provides these cost components in his testimony.

UTILITY-SCALE DER PROGRAMS

Q. PLEASE UPDATE THE COMMISSION ON THE COMPANY'S PROGRESS TOWARD MEETING ITS UTILITY-SCALE DER GOALS AS OF THE END OF THE REVIEW PERIOD.

A. During its 2018 fuel proceeding, DESC reported that, as of December 31, 2017, nine solar farms totaling 48.16 MW had been constructed and interconnected to DESC's distribution system as part of the Company's approved DER program. As such, DESC has achieved the 1% goal for Utility-scale facilities set forth in Act 236.

CUSTOMER-SCALE DER PROGRAMS

Q. PLEASE UPDATE THE COMMISSION ON THE COMPANY'S PROGRESS TOWARD MEETING ITS CUSTOMER-SCALE DER GOALS AS OF THE END OF THE REVIEW PERIOD.

A. To accomplish its Customer-scale DER goals, DESC offered its residential and non-residential customers a new retail net energy metering program ("NEM

2.0"), through which customers receive bills that are equivalent to bills that the customers would have had if the customers received a credit for each kilowatt-hour ("kWh") generated by their renewable resources that is equal to the price that is charged per kWh for the energy consumed. The difference between the value of net metered customer generation, as determined using the methodology approved in Docket No. 2014-246-E, and the customer's retail rate is recoverable as a DER incentive.

Two Percent NEM Threshold

Prior to May 16, 2019, S.C. Code Ann. § 58-40-20(B) provided that "[n]o electrical utility shall be required to approve any application for interconnection from net energy metering customer generators if the total rated generating capacity of all applications for interconnection from net energy metering customer generators already approved . . . equals or exceeds two percent of the previous five year average of the electrical utility's South Carolina retail peak demand" (the "2% NEM threshold"). By letter dated May 16, 2019, in Docket No. 2014-246-E, DESC informed the Commission that it had achieved the 2.0% NEM threshold and that it had not accepted NEM applications submitted after May 3, 2019.

In Act No. 62 of 2019 ("Act 62"), the South Carolina General Assembly revised certain portions of Chapter 40 of Title 58 of the South Carolina Code of Laws Annotated, which govern net energy metering in South Carolina. Among other things, Act 62 eliminated the 2% NEM threshold. To conform to Act 62, DESC submitted two revised tariffs – a "Rider to Retail Rates – Second Net Energy

Metering for Renewable Energy Facilities," which reflects the closure of NEM 2.0 effective May 4, 2019, and a "Rider to Retail Rates – Third Net Energy Metering for Renewable Energy Facilities" ("NEM 3.0"), which, among other things, eliminates the 2% NEM threshold and makes net energy metering available to those customers who apply for it from May 17, 2019, through May 31, 2021. The Commission approved these tariffs by Order No. 2019-392, dated May 29, 2019.

NEM Participation

As of December 31, 2020, 11,133 DESC customers (10,987 residential and 146 non-residential) were participating in the Company's NEM 2.0 or 3.0, as compared to 10,139 participating customers as of December 31, 2019. Participation in NEM 2.0 accounts for approximately 76.92 MW of solar generating capacity (approximately 68.83 MW from residential and approximately 8.09 MW from non-residential) on DESC's system. Participation in NEM 3.0 accounts for approximately 13.17 MW of solar generating capacity (approximately 10.94 MW from residential and approximately 2.23 MW from non-residential) on DESC's system.

Performance Based Incentive

For residential customers participating in NEM 2.0, the Company also offered the opportunity to reserve—on a first-come, first-serve basis for up to a cumulative total of 9 MW of reserved capacity—a Performance Based Incentive ("PBI"). The available PBIs were fully reserved, and as of December 31, 2020, 1,037 of the NEM 2.0 residential customers (included in the residential customer count above) with generating capacity totaling approximately 7.86 MW (included in the generating capacity total above) were receiving the PBI. The remaining reservations have expired.

Bill Credit Agreement

As an alternative to NEM 2.0, DESC also offered its non-residential customers the opportunity to participate in its Bill Credit Agreement ("BCA") program in which all energy produced by the customer's generator is delivered to the DESC electrical system, and the customer is compensated at tiered, incentivized rates directly on the customer's DESC bill. As of December 31, 2020, DESC had 109 BCA customers totaling 19.23 MW in generating capacity. By Order No. 2017-246, the BCA program was indefinitely suspended to systems without approved applications and interconnection agreements by April 27, 2017.

Summary

In sum, as of December 31, 2020, DESC had 9,698 customers (9,477 residential and 221 non-residential) participating in its customer generator DER programs. This customer participation represented approximately 96.15 MW of solar generating capacity on DESC's system. As such, DESC has achieved the 1% goal for Customer-scale facilities set forth in Act 236.

Q. WHAT WAS THE TOTAL CUMULATIVE NEM GENERATING CAPACITY ON DESC'S SYSTEM AS OF DECEMBER 31, 2020?

A. As of December 31, 2020, the total cumulative NEM generating capacity provided by the 11,338 net metering customer-generator facilities on DESC's system was approximately 91.03 MW, or approximately 2.15% of the Company's five-year average peak demand of 4,225 MW set forth in Commission Order No. 2015-512. Of this total, approximately 0.93 MW of solar generating capacity comes from the 205 "NEM 1.0" participants, who elected to remain on the net metering tariff in effect at the time NEM 2.0 was approved. These remaining NEM 1.0 customers were able to remain on this rate schedule through December 31, 2020, at which time the NEM 1.0 rate closed. These remaining NEM 1.0 customers were moved to NEM 2.0 after the close of December 2020 revenue month.

<u>COMMUNITY SOLAR</u>

Q. PLEASE UPDATE THE COMMISSION ON DESC'S COMMUNITY SOLAR PROGRAM.

A. By Order No. 2016-707, the Commission approved the Credit Rate Agreement between DESC and Clean Energy Collective, LLC ("CEC") whereby CEC is authorized to develop, build, and market up to 16 MW of community solar renewable generating facilities. The individual solar panels in these facilities are available for DESC customers to either purchase or subscribe to their energy output as a credit on their DESC bills.

Springfield Solar, a 6 MW facility in Orangeburg County, and Nimitz Solar, an 8 MW facility in Jasper County, entered commercial operation in June 2018. Curie Solar, a 2 MW facility in Hampton County, entered commercial operation in February 2019.

As of December 31, 2020, the following number of customer accounts and associated MW of capacity have either been purchased or subscribed to in the three community solar facilities. The remaining 0.032 MW of capacity is reserved for Low-Income customers and is filled via a separate waitlist of Low-Income customers created by the marketing of DESC, CEC and 8 Community Assistance Agencies.

Segment	Accounts	Capacity (MW)
Low-Income	167	0.993
Residential	881	5.455
Church, School, Municipal	47	9.520
Total	1095	15.968

At this time, the Company has no plans to expand its Community Solar program.

DESC DER PROGRAM GOALS

Q. DID DESC MEET THE 1% CUSTOMER-SCALE AND 1% UTILITY-SCALE GOALS OF ACT 236 (S.C. CODE ANN. § 58-39-130(D))?

A. Yes, DESC met both goals, and Act 236 sunset on December 31, 2020.

CONCLUSION

Q. WHAT IS DESC REQUESTING OF THE COMMISSION IN THIS PROCEEDING?

A. DESC respectfully requests that the Commission approve the Company's costs incurred in providing DER programs during the Review Period as being reasonable and prudent and find that the Company's fuel purchasing practices were reasonable and prudent for the Review Period.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.